

· MARCUS · McCALLUM

SPECIALIST SUPPLIERS TO THE TRADE

ETHICAL STATEMENT FOR MARCUS MCCALLUM LTD - JANUARY 2023

This document serves as a commitment to ethical gemstone trading by Marcus McCallum Ltd. It outlines our guiding principles, key issues in the gem trade, and specific actions we take to minimize negative impact. Additionally, it emphasizes transparency and the ongoing evaluation of our practices.

Ethics is moral philosophy and is chiefly concerned with the question of what is right and wrong. So, what is right and wrong? This is clearly a complex question and one that has been argued and fought over since history began. Answering it definitively may not be possible at all and is certainly beyond the scope of this document. Unfortunately, even when scaled down to address the field of gemstone trading, it is no less complex.

The key difficulty is that different people have different ethics, or perhaps weigh the importance of certain issues to varying degrees. Our solution to this is as follows:

1. Trade in accordance with our own moral views
2. Make sure these are clear to our customers
3. State what actions we are taking to ensure our behaviour aligns with our views

The situation being transparent, the way is then clear for the customer to make an informed decision on whether the issues that are most important to them are being addressed satisfactorily or not.

ISSUES IN THE GEM TRADE

The key issues in the gem trade that we have identified can be broadly divided into two categories: Environmental and Humanitarian.

Environmental:

- **Deforestation:** The clearing of forests for mining operations can lead to habitat destruction and loss of biodiversity.
- **Lack of Landscape Restoration:** After mining activities, the restoration of landscapes to their original state is often neglected, resulting in long-term environmental damage.
- **Habitat Loss or Species Endangerment:** Mining activities can disrupt natural habitats, leading to the displacement or endangerment of plant and animal species.
- **Chemical and Heavy Metal Pollution:** Improper handling and disposal of chemicals and heavy metals in mining and processing can contaminate soil and water sources.
- **Water Usage and Water Pollution:** Excessive water consumption and improper waste management can lead to water scarcity and pollution.
- **Energy and Emissions, including Transportation:** Energy-intensive mining and transportation processes contribute to greenhouse gas emissions and environmental degradation.

Humanitarian:

- **Child Labour:** The use of child labour in mining operations is a significant concern, violating children's rights and depriving them of education and a safe childhood.
- **Forced Labour:** Some mining operations exploit workers through coercion and forced labour practices, infringing on their fundamental rights and dignity.
- **Economic Exploitation:** Unfair wages, inadequate working conditions, and lack of economic opportunities can perpetuate poverty and exploitation within the gem trade.
- **Health and Safety:** Unsafe working conditions and exposure to hazardous substances pose risks to the health and well-being of workers involved in mining and processing.
- **Smuggling and Other Criminal Activity:** Illegal activities, such as smuggling and money laundering, undermine the integrity and transparency of the gem trade.
- **Financing Violence:** Some gemstone revenues may inadvertently support conflicts and violence in certain regions.
- **Poverty and Lack of Prospects:** The gem trade's socio-economic impact can be uneven, with communities facing poverty and limited prospects for development.
- **Financing Violence:** Some gemstone revenues may inadvertently support conflicts and violence in certain regions.

These are all issues we strongly wish to minimise and prevent whenever possible. However, they can often come into direct conflict with each other, for example deforestation and poverty. Therefore, it is essential to be able to judge on a case-by-case basis which issues take precedence. This can be practically impossible when judged from afar; a deep understanding of the local situation is often essential. That is why the importance of trusted local connections cannot be underestimated. Also, a more general set of principles can be of use in order to navigate the complex interplay of the issues and any new ones that may arise.

Guiding principles

1. The lives of all individuals involved in the gemstone trade should be improved through their participation. Our activities should not cause harm to other parties.
2. People from all cultures should have the autonomy to determine their way of life, with minimal external pressures and influences. The exceptions being when legal or internationally agreed limits are breached, such as human rights violations.
3. The environment must be maintained in its natural state, and if damaged, restoration efforts must be undertaken whenever possible.

These are the issues we have identified as important and the two principles that guide us.

ETHICAL ACTIONS

Despite the inherent difficulties and often case by case nature of ethics in the gemstone trade, there are some general actions that can be taken that have a positive impact.

Supplier Relationships

We buy predominantly from trusted suppliers that we have built-up long-term relationships with over the course of many years. Often these dealers are owners of mines or have family connections with mines. They understand the local situation and what good standards are in their community, we trust them to trade ethically on that basis. The downside of this is that it is not very measurable and relies heavily on trust.

Developing a system of evaluating suppliers in order to make sure that they are not contributing negatively is a way we can take this further. This could be in the form of a short checklist of questions we ask and a supplier referencing system.

Traceability

Knowing where a stone has come from seems on face value like an obvious thing to do, and to a certain degree it is. However, in most cases there is a false equivalence between locality and morality. The locality is important information for many reasons, and wherever possible we try to ascertain and record this information. The ethical situation can be quite different in different areas within a country, and even within different operations and groups at a particular locality. We will be requiring our suppliers to prove that the gemstones they are selling have been imported/exported through the correct channels.

Pre-owned

Pre-owned stones that have been removed from old jewellery are one of the ways in which one might obtain a stone that is ethically agreeable. We do buy second hand stones and mark them as such. This avoids many of the environmental issues as it is not contributing to new mining. However, as always, there is a flipside. The stone might not have been mined very ethically to begin with (does time and distance of ownership lessen the moral obligation?), there is usually no traceability and purchasing newly mined could be supporting developing communities.

Source direct

Sourcing goods directly allows an increase in traceability, closer relations with the producers, more control over the supply chain and therefore fairer treatment of the producers. This is a challenging prospect as it often requires visiting and building relationships in remote parts of the world. It is a worthwhile endeavour and something we have been doing to a certain degree for many years but wish to increase moving forward. This also has the potential to reduce the distance goods travel as they are often traded back and forth internationally before reaching the consumer market.

Packaging

Investigate alternative packing materials that are more environmentally friendly. Make it a priority to move away from the non-recyclable small plastic bags that we currently use. Look for alternative jiffy bags for posting that are recyclable or biodegradable. Do the same for bubble wrap and any other difficult or non-recyclable packing materials.

Giving back to the community

Giving back to the community from our point of view is doing more than just trading fairly. It is going beyond what might reasonably be expected in business, looking after not just ourselves and our employees but the long-term interests of all associates and even un-associated parties. This can be done in various ways, and we will need to be guided by local people to truly understand their needs. An example of this may be providing safety equipment to miners or education for their children.

At home we raise a considerable amount of money for a charity that provides equipment for disabled children. This is a result of us donating the money we charge for gemstone testing.

The community can also be extended to include the natural world. In many areas the natural world is being destroyed in the short-term interests of people. Whilst the coloured gemstone industry does bear some responsibility for this, the nature of most artisanal mining is relatively low impact compared to other forms of resource extraction. However, there is still opportunity for improvement and further than that, proactive conservation efforts. As we develop closer relationships with people in ecologically sensitive areas this is something we will investigate further.

Ongoing monitoring and Auditing

The issues faced are likely to change over time, therefore it is important to re-evaluate regularly. This document will be reviewed and updated in January of each year to ensure our aims are being realised and in order to plan and develop longer term goals.

We aspire to join the International Colored Gemstone Association, this will give us more opportunity to contribute to the trade. We will then be a part of an international community focused on benefiting those involved in the gemstones trade and be obligated to meet the ethical standards required.

We endeavour to keep up to date knowledge of international trading standards and any controlled materials as outlined in the CIBJO blue books and international law. We are strict on this already but in order to further reinforce this we will become a member of CIBJO.

SUMMARY

Ethics in the gemstone industry is complex and will require ongoing evaluation. We have identified our guiding principles and issues that matter to us and have some clear actions that we can take in order to minimise negative impact. These are in summary:

- Use trusted suppliers and get further insight into their local situation.
- Develop a simple supplier evaluation and referencing system.
- Record locality and history of stones in as much detail as possible.
- Stock and record second hand gemstones.
- Source direct; cut out unnecessary links in the supply chain and build closer relationships with primary suppliers.
- Change to using more environmentally friendly packing materials.
- Find out how we can best support the local community in mining and cutting areas.
- Continue supporting Action of Kids charity at home.
- Join the International Colored Gemstone Association and actively participate.
- Investigate the opportunity for conservation in ecologically sensitive areas where mining takes place and liaise with local conservation organisations.
- Join CIBJO and educate all staff on controlled materials and current legislation.
- Review and update our ethical statement every January.

We endeavour to do our utmost to stay true to our principles and make meaningful progress in the promotion and participation of ethical gemstone trading.

Signed:

Further links:

CIBJO: www.cibjo.org

GIA: <https://www.gia.edu/gems-gemology/summer-2016-color-responsibility-ethical-issues-solutions-colored-gemstones>

International Colored Gemstones Association: <https://www.gemstone.org/>

Responsible Jewellery Council: <https://responsiblejewellery.com/>

SOAS into to ethics: https://www.soas.ac.uk/cedep-demos/000_P563_EED_K3736-Demo/unit1/page_10.htm

B-corp: <https://bcorporation.eu/>

ISO: <https://www.iso.org/home.html>

Kimberley: <https://www.kimberleyprocess.com/>